

//KHARA HAIS MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
13	CONSUMER DEBTORS (Continue)		
	<u><i>Sundry Debtors</i></u>		
	Current (0 – 30 days)	165,608	73,732
	31 - 60 Days	139,412	27,358
	61 - 90 Days	8,792	168,403
	91 - 120 Days	8,841	3,681
	More than 120 days	571,443	599,186
	Total	894,096	872,360
	<u><i>Reconciliation of the bad debt provision</i></u>		
	Balance at beginning of the year	18,595,573	18,608,100
	Contributions during the year	4,055,713	-12,527
	Adjustment	400	-
	Balance at end of year	22,651,686	18,595,573
14	OTHER DEBTORS		
	Sundry Debtors	159,498	273,173
	VAT Claim	478,798	1,900,972
	Monies Receivable at Year End	897,998	-
	Total Other Debtors	1,536,294	2,174,145
	<i>Included as other debtors on balance sheet</i>		

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
15	BANK, CASH AND OVERDRAFT BALANCES		
	<u>Current Account (Primary Bank Account)</u>		
	<i>ABSA Bank Limited - Uplington Branch: Account Number 2240000051</i>		
	Cash Book Balance at Beginning of Year – Overdrawn	<u>-7,456,297</u>	<u>-9,778,060</u>
	Cash Book Balance at End of Year - Overdrawn	<u>-9,655,492</u>	<u>-7,456,297</u>
	Transfer Outstanding Cheques to Creditors	3,419,931	
	Transfer Outstandings 3rd Party Payments to Creditors	2,771,687	
	Transfer Unknown Deposits to Debtors	922,718	
	Revised Cash Book Balance at End of Year - Overdrawn	<u>-2,541,156</u>	
	Bank Statement Balance at Beginning of Year - Overdrawn	<u>-4,600,622</u>	<u>-1,756,122</u>
	Bank Statement Balance at End of Year - Overdrawn	<u>-3,027,271</u>	<u>-4,600,622</u>
	<u>Current Account (Capital Replacement Reserve)</u>		
	<i>FNB Bank Limited - Uplington Branch: Account Number 54023710831</i>		
	Cash book balance at beginning of year	<u>58,132</u>	<u>1,333,101</u>
	Cash book balance at end of year	<u>-5,778,379</u>	<u>58,132</u>
	Transfer outstanding cheques to creditors	2,327,812	
	Cash book balance at end of year	<u>-3,450,567</u>	
	Bank statement balance at beginning of year	<u>760,454</u>	<u>1,333,101</u>
	Bank statement balance at end of year	<u>-3,450,567</u>	<u>760,454</u>
	<u>Savings Account</u>		
	<i>ABSA Bank Limited - Uplington Branch: Account Number 9083294211</i>		
	Cash book balance at beginning of year	<u>26,025</u>	<u>-</u>
	Cash book balance at end of year	<u>542</u>	<u>26,025</u>
	Bank statement balance at beginning of year	<u>26,025</u>	<u>-</u>
	Bank statement balance at end of year	<u>8,343</u>	<u>26,025</u>
	<u>Casher Floats and Petty Cash</u>		
	Casher Floats	3,560	3,530
	Petty Cash	2,000	2,000
		<u>5,560</u>	<u>5,530</u>
	TOTAL OVERDRAFT BALANCE	<u>-5,985,621</u>	<u>-7,392,635</u>

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
16.	PROPERTY RATES		
	General Rates		
	Residential & Commercial	22,177,139	21,628,627
	Agricultural	620,200	469,023
	State	1,828,963	1,773,882
	Total General Rates	24,626,302	23,871,532
	Health Tax		
	Residential & Commercial	4,220,622	4,199,345
	State	380,064	294,894
	Total Health Tax	4,600,686	4,494,239
	Total Assessment Rates	29,226,988	28,365,771
	Valuations	30/06/2008	30/06/2007
		R000's	R000's
	Residential	1,227,305,806	983,110,254
	Commercial	70,164,710	68,701,600
	State	96,955,220	94,555,220
	Municipal	1,800,000	1,800,000
	Non Rateable	68,810,256	312,730,098
	Total Property Valuations	1,465,035,992	1,460,897,172
	<p>Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2001. Interim valuations are processed on a yearly basis taking into account changes in individual property values due to alterations and subdivisions. A general rate of 2,358c in the Rand (2006/07 = 2,358c in the Rand) and health tax rate of 0,392c in the Rand (2006/07 = 0,392c in the Rand) were applied to property valuations to determine assessment rates. Rebates of 20% are granted to state property owners. Rates are levied on an annual or monthly basis on properties depending on the choice made by the property owner. The final date of payment for annually levied rates was 31 October 2007 and monthly levied by the 15th of the following month. Interest at 10% per annum is levied on outstanding rates.</p>		
7.	SERVICE CHARGES		
	Sale of Electricity	68,231,478	65,025,050
	Sale of Water	26,912,721	27,218,392
	Refuse Removal	9,875,066	9,070,917
	Sewerage and Sanitation Charges	15,794,884	14,779,026
	Other Services	1,196,541	804,238
	Total Service Charges	122,010,690	116,897,623

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
18.	GOVERNMENT GRANTS AND SUBSIDIES		
	Equitable Share	20,367,948	16,888,360
	Health Subsidy	1,003,500	2,027,400
	SETA Training Subsidy	358,881	420,960
	Other Subsidies	56,692	121,704
	NER	2,013,000	2,375,000
	Housing Grants	12,707,891	4,575,302
	Masinedane	83,526	55,377
	MIG	17,132,750	4,626,130
	MSIG	357,588	416,837
	LED	-	222,314
	FMG	214,409	106,376
	Other Conditional Grants	1,337,931	689,188
	Total Government Grants and Subsidies	55,634,116	32,524,948
18.1	Equitable Share, Health and Other Subsidies		
	<i>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy to a maximum of R 169.77, which is funded from this grant.</i>		
	<i>The Health, SETA and other subsidies are utilised to finance the operations of the specific departments of the municipality.</i>		
18.2	Housing Grants		
	Balance unspent at beginning of year	3,019,397	2,124,304
	Current year receipts -	12,920,485	5,670,568
	Other transfers	-	-200,173
	Conditions met - transferred to revenue	-12,707,891	-4,575,302
	Conditions still to be met - transferred to liabilities (see Note 7)	3,231,991	3,019,397
	<i>The Municipality administer the housing projects on behalve of the Department of Housing.</i>		
18.3	NER Subsidy		
	<i>The NER subsidy is included as an operating income utilised for specific purposes according to an approved business plan.</i>		
18.4	Provincial Grants		
	Balance unspent at beginning of year	625,052	164,429
	Current year receipts	365,000	516,000
	Conditions met - transferred to revenue	-83,526	-55,377
	Conditions still to be met - transferred to liabilities (see Note 7)	906,526	625,052
	<i>The grant was utilised for the upgrading of library infrastructure and equipment.</i>		

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
18.	GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
18.5	MIG		
	Balance unspent at beginning of year	1,788,128	2,610,248
	Current year receipts	17,484,678	4,437,051
	Other transfers	-	-633,041
	Conditions met - transferred to revenue	-17,132,750	-4,626,130
	Conditions still to be met - transferred to liabilities (see Note 7)	<u>2,140,056</u>	<u>1,788,128</u>
	<i>The Municipal infrastructure grant is utilised for the construction of infrastructure in terms of the conditions of the grant .</i>		
18.6	MSIG		
	Balance unspent at beginning of year	601,920	1,018,757
	Current year receipts -	734,000	-
	Conditions met - transferred to revenue	-357,588	-416,837
	Conditions still to be met - transferred to liabilities (see Note 7)	<u>978,332</u>	<u>601,920</u>
18.7	Provincial LED Projects		
	Balance unspent at beginning of year	1,048,813	671,127
	Current year receipts	-	600,000
	Adjustments directly against grant account	-13,257	-
	Conditions met - transferred to revenue	-	-222,314
	Conditions still to be met - transferred to liabilities (see Note 7)	<u>1,035,556</u>	<u>1,048,813</u>
	<i>Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government (included in Council General vote in Appendix D). No funds have been withheld.</i>		
18.8	FMG		
	Balance unspent at beginning of year	393,624	-
	Current year receipts	500,000	500,000
	Conditions met - transferred to revenue	-214,409	-106,376
	Conditions still to be met - transferred to liabilities (see Note 7)	<u>679,215</u>	<u>393,624</u>
18.9	Other		
	Balance unspent at beginning of year	594,671	1,010,440
	Current year receipts	803,000	-
	Other transfers	-	-
	Conditions met - transferred to revenue	-	-415,769
	Conditions still to be met - transferred to liabilities (see Note 7)	<u>1,397,671</u>	<u>594,671</u>
18.10	EPWP		
	Balance unspent at beginning of year	559,795	833,215
	Current year receipts	2,500,000	-
	Other transfers	-	-
	Conditions met - transferred to revenue	-1,337,932	-273,419
	Conditions still to be met - transferred to liabilities (see Note 7)	<u>1,721,863</u>	<u>559,796</u>

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
19.	OTHER INCOME		
	Parking Fees	281,665	281,958
	Vat Claim Settled Previous Years	-	883,712
	Insurance Claims	215,825	336,019
	Other	2,845,267	1,403,185
	Recovery of Unauthorised, Irregular, Fruitless and Wasteful	-	-
	Total Other Income	3,342,757	2,904,874
20.	EMPLOYEE RELATED COSTS		
	Employee Related Costs - Salaries and Wages	61,047,408	50,651,823
	Employee Related Costs - Contributions for UIF, Pension and Medical Aid Funds	13,946,267	13,595,443
	Housing Benefits and Allowances	548,790	2,902,438
	Overtime Payments	3,844,232	3,548,106
	Performance Bonus	376,326	3,842,506
	Long-Service Awards	217,223	189,475
	Less: Employee Costs Capitalised to Property, Plant and Equipment	-	-30,173
	Less: Employee Costs Included in Other Expenses	-	-137,899
	Total Employee Related Costs	79,980,246	74,561,719
	<i>There were no advances to employees. Loans to employees are set out in Note 10.</i>		
	Remuneration of the Municipal Manager		
	Annual Remuneration	1,781,530	424,215
	Car Allowance	142,471	242,090
	Contributions to Pension, Group Life & Medical Aid Funds	-	-
	Performance Bonuses	-	86,460
	Total	1,924,001	752,765
	Remuneration of the Chief Finance Officers		
	Annual Remuneration	303,009	245,593
	Car Allowance	80,567	163,729
	Contributions to Pension, Group Life & Medical Aid Funds	34,994	-
	Performance Bonuses	49,314	61,643
	Total	467,884	470,965
	Remuneration of the Director Technical Services		
	Annual Remuneration	381,250	349,500
	Car Allowance	118,021	96,608
	Contributions to Pension, Group Life & Medical Aid Funds	68,625	81,549
	Performance Bonuses	-	76,854
	Total	567,896	604,511

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
20.	EMPLOYEE RELATED COSTS (Continue)		
	<i>Remuneration of the Director Corporate Services</i>		
	Annual Remuneration	343,284	343,284
	Car Allowance	100,800	100,800
	Contributions to Pension, Group Life & Medical Aid Funds	-	-
	Performance Bonuses	66,613	67,247
	Total	510,697	511,331
	<i>Remuneration of the Director Development Services</i>		
	Annual Remuneration	442,116	387,083
	Car Allowance	83,126	70,652
	Contributions to Pension, Group Life & Medical Aid Funds	-	-
	Performance Bonuses	-	67,247
	Total	525,242	524,982
21.	REMUNERATION OF COUNCILLORS		
	Mayor	478,436	499,269
	Speaker	388,236	388,400
	Executive Committee Members	806,988	829,255
	Councillors	2,504,951	2,739,523
	Councillors' Pension / Medical Aid Contribution	-	-
	Total Councillors' Remuneration	4,178,611	4,456,447
	<i>In-kind Benefits</i>		
	<i>The Mayor and Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.</i>		
	<i>The Executive Mayor has use of a Council owned vehicle for official duties.</i>		
22.	INTEREST PAID		
	Long-Term Liabilities	3,048,787	3,300,329
	Bank Overdrafts	-	-
	Total Interest on External Borrowings	3,048,787	3,300,329

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
23.	BULK PURCHASES		
	Electricity	37,755,024	31,513,912
	Water	730,157	1,371,937
	Total Bulk Purchases	<u>38,485,181</u>	<u>32,885,849</u>
24.	GRANTS AND SUBSIDIES PAID		
	Free Basic Services	9,582,200	8,372,899
	Donations	136,445	98,090
	Busaries & Other	101,190	138,395
		<u>9,819,835</u>	<u>8,609,384</u>
25	GENERAL EXPENDITURE		
	<i>General Expenditure Includes the Following</i>		
	Insurance Cost	1,151,338	2,685,678
	Telephone Cost	2,475,067	2,224,051
	Advertisements	383,475	520,012
	Bank Charges	532,747	391,935
	Printing & Stationery	915,405	1,060,221
	Municipal Consumption (Electricity & Water)	4,932,112	4,557,344
	Other General Cost	41,149,868	29,590,019
	Inter Departmental Charges	25,499,412	17,255,472
		<u>77,039,424</u>	<u>58,284,732</u>
	Less: Internal Cost Recovered	-25,499,412	-18,127,171
	Total	<u>51,540,012</u>	<u>40,157,561</u>
26	CORRECTION OF ERROR		
26.1	Adjustment to Inventory		
	Amount Previously Stated	-	2,602,099
	Shortages and Surpluses for Financial Year	-	119,144
	Restated Value of Inventory	<u>-</u>	<u>2,721,243</u>
26.2	Other prior year corrections		
	VAT Adjustmenst	-	2,467,308
	Creditor Corrections	-	111,701
	Depreciation Correction	-	77,043
		<u>-</u>	<u>2,656,052</u>

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
26	CORRECTION OF ERROR (Continue)		
26.3	Adjustment to Accumulated Surplus		
	Amount Previously Stated	57,813,076	42,616,049
	Other Prior Year Changes	-1,278,035	2,656,052
	Changes to Inventory	-	119,144
	Restated Value of Accumulated Surplus	56,535,041	45,391,245
26.4	Government Grant Reserve		
	Amount Previously Stated	49,356,125	-
	Other Prior Year Changes	1,435,119	-
	Restated Value of Government Grant Reserve	50,791,244	-
27	CASH GENERATED BY OPERATIONS		
	Surplus / (Deficit) for the Year	5,827,732	13,235,322
	Adjustment for:-		
	Depreciation	12,390,556	9,395,804
	Gain on Disposal of Property, Plant and Equipment	-197,379	-1,281,464
	Correction of Error	157,084	2,775,166
	Other Adjustments	134,529	360,704
	Interest Paid	3,048,787	3,300,329
	Investment Income	-190,891	-883,450
	Operating Surplus Before Working Capital Changes	21,170,418	26,902,411
	Decrease in Inventories	-866,772	-278,111
	(Increase) / Decrease in Debtors	1,977,540	-1,975,840
	(Increase) / Decrease in Other Debtors	637,851	-1,089,510
	Increase in Provisions	-60,355	-581,256
	Increase in Conditional Grants and Receipts	3,459,812	1,032,095
	Increase in Creditors	12,404,874	4,463,483
	Increase in VAT	-719,082	-1,937,127
	Cash Generated by / (Utilised in) Operations	38,004,288	26,536,145

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
28	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
	Bank Balances and Cash	6,102	63,662
	Bank Overdrafts	-5,991,723	-7,456,297
	Call Investment Deposits	6,420,534	-
	Total Cash and Cash Equivalents	434,913	-7,392,635
	RECONCILIATION OF THE CASH POSITION		
	Available cash		
	Investments	1,720,193	6,312,530
	Bank, Cash & Overdrafts	434,913	-7,392,635
	Total Cash	2,155,106	-1,080,105
	Funds, Provisions & Reserves to be Cash Backed		
	Trust Accounts	1,872,194	2,151,224
	Unspent Grants	12,091,212	8,631,400
	Unspent Loans	-	669,479
	Capital replacement reserve	-	-
	Total Cash Requirement	13,963,406	11,452,103
	CASH SHORTFALL	11,808,300	12,532,208
	Capital expenditure were financed the last two financial years from the operating surplus that was not cash backed. Council has resolved to finance capital expenditure for 2006/2007 amounting to R 19,614,809 and capital expenditure for 2007/2008 amounting to R 17,200,542 through external loans to be taken up from the Development Bank of South Africa. Claim Number 1 for an amount of R 33,999,380 was submitted to the DBSA on 30 July 2008. The claim should be paid out to the municipality towards the end of August 2008 and the cash of the funds, provisions and reserves will then be replaced.		
29	UTILISATION OF LONG-TERM LIABILITIES		
	Long-Term Liabilities	-	26,499,549
	Used to Finance Property, Plant and Equipment – at Cost	-	-25,830,070
	Cash Invested	-	669,479
	Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date. All available cash from external loans has been used to finance PPE.		

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
30	ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
30.1	Contributions to Organised Local Government		
	Opening Balance	-	-
	Council Subscriptions	330,500	324,500
	Council Subscriptions for 2006/07 & 2007/08	105,792	-
	Amount Paid - Current Year	-330,500	-324,500
	Balance Unpaid	105,792	-
	<i>Invoice for the additional amount of R 105,792 was only received on 25 August 2008</i>		
30.2	Audit Fees		
	Opening Balance	-	-
	Current Year Audit Fees	1,557,839	1,534,537
	Amount Paid - Current Year C00238	-1,431,740	-1,534,537
	Balance Unpaid (Included in Creditors)	126,099	-
30.3	VAT		
	VAT input receivables and VAT output receivables are shown in Note 7. All VAT returns have been submitted by the due date throughout the year.		
30.4	PAYE		
	Opening Balance	-47,674	10,669
	Current Year Payroll Deductions	6,350,002	6,700,684
	Amount Paid - Current Year	-5,895,690	-6,759,027
	Balance Unpaid (Included in Creditors)	406,638	-47,674
30.5	Pension and Medical Aid Deductions		
	Opening Balance	-	-
	Current Year Payroll Deductions and Council Contributions	21,472,203	22,236,745
	Amount Paid - Current Year	-19,682,313	-22,236,745
	Balance Unpaid (Included in Creditors)	1,789,890	-
30.6	Councillor's Arrear Consumer Accounts		
	Clr FE Snyders (Account in the name of Mr JM Snyder)	3,296	-
		3,296	-
30.7	Non-Compliance with the Municipal Finance Management Act		
	Section 80: Budget and Treasury Office still to be established.		
	Section 45: The bank overdraft was not cleared at year-end. See Note 28 as well.		
	Section 121: The Annual Report for 2006/2007 was not submitted to Council for their approval.		

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
30	ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (Continue)		
30.8	RSC Levies		
	Opening Balance	-	-136
	Current Year Levies	-	33,375
	Amount Paid - Current Year	-	-33,239
	Balance Unpaid (Included in Creditors)	<u>-</u>	<u>-</u>
30.9	UIF Payments		
	Opening Balance	2,449	3,216
	Current Year Payroll Deductions and Council Contributions	1,124,685	1,107,561
	Amount Paid - Current Year	1,034,737	-1,108,328
	Balance Unpaid (Included in Creditors)	<u>92,397</u>	<u>2,449</u>
30.10	Unauthorised, Irregular or Fruitless and Wasteful Expenditure		
	I am not aware of any unauthorised, irregular or fruitless and wasteful expenditure that are recoverable. However, I have instituted disciplinary proceedings against four senior officials that might be involved with unauthorised, irregular or fruitless and wasteful expenditure. KPMG is busy with a forensic audit and at this point in time no further particulars of possible unauthorised, irregular or fruitless and wasteful expenditure are available. After completion of the forensic audit I will report the matter to the South African Police Service if needed.		
31	CAPITAL COMMITMENTS		
	Commitments in Respect of Capital Expenditure:		
	Approved and Contracted for -	2,052,648	30,326,712
	Infrastructure	2,052,648	14,495,538
	Community	-	6,295,327
	Other	-	9,535,847
	Approved but not yet Contracted for -	43,063,846	15,414,818
	Infrastructure	38,475,637	13,679,501
	Community	4,000,000	1,555,317
	Other	588,209	180,000
	Total	<u>45,116,494</u>	<u>45,741,530</u>
	This expenditure will be financed from:		
	External Loans	21,315,649	650,000
	Government Grants	23,177,738	10,000,000
	Own Resources	623,107	35,091,530
	District Council Grants	-	-
		<u>45,116,494</u>	<u>45,741,530</u>
	Council approved R 4,000,000 for 2008/09 for capital projects to be funded from own sources. However, Council have not identified all these capital projects and therefore the full amount of R 4,000,000 could not be stated (R 623,107 stated).		

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Notes to the Financial Statements for the Year Ended 30 June 2008

Note	Description	2008 R	2007 R
32	RETIREMENT BENEFIT INFORMATION All councillors and employees belong to retirement and pension funds approved by the South African Local Government Bargaining Council. These funds are subject to regular actuarial valuation. These funds are run by their own Board of Directors and each fund have their own rules, compliant to legislation, that they must adhere to.		
33	CONTINGENT LIABILITY Claim from Rugbyclub <i>The claim is under review by the court.</i> Claim from JHJ Van Niekerk <i>Claim for burns to Mr Van Niekerk's son at Eiland Resort</i> //Khara Hais Municipality / Multiminds 110 BK & 2 Ander <i>Claim for judgement costs</i> //Khara Hais Municipality, K Sani & M Eland / Delida Nugent <i>Claim for costs for alleged assault, etc.</i>	 <u>100,000</u> <u>28,030</u> <u>-</u> <u>100,000</u>	 <u>100,000</u> <u>-</u> <u>-</u> <u>-</u>
34	COMPARISON WITH THE BUDGET The municipality's actual financial performance compared with the approved budgeted is set out in Annexures E(1) and E(2).		

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APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

External Loans	Loan Number	Redeemable	Balance at 30/06/2007	Received During the Period	Redeemed / Written-off During the Period	Balance at 30/06/2008	Carrying Value of Property, Plant & Equip	Other Costs in Accordance With the MFMA
			R	R	R	R	R	R
Annuity Loans								
Development Bank of SA @ 16.5%	exl 1	31/03/2021	9,956,375	-	269,715	9,686,660	9,181,099	-
Development Bank of SA @ 12%	exl 2	31/03/2015	1,524,401	40,740	162,684	1,402,457	-	-
ABSA Bank @ 10.04%	6309/6496	31/08/2015	2,705,764	-	262,065	2,443,699	4,427,333	-
ABSA Bank @ 10.07%	6353/0507	02/11/2015	1,856,738	-	171,654	1,685,084	3,052,924	-
ABSA Bank @ 10.12%	6396/1623	31/12/2015	4,481,183	8,394	356,897	4,132,680	7,487,317	-
ABSA Bank @ 10.17%	6447/8475	29/02/2016	4,650,509	-	381,442	4,269,067	7,734,414	-
TOTAL EXTERNAL LOANS			25,174,970	49,134	1,604,457	23,619,647	31,883,087	-

//KHARA HAIS MUNICIPALITY

APPENDIX B: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	Budget Additions 2008
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers		
Land and Buildings										
Municipal Buildings	34,155,056	1,338,200	-	-	35,493,256	30,516,763	-	-	30,516,763	4,976,493
Land and Buildings	355,244	223,320	-	-	578,564	-	-	-	-	589,564
	34,510,300	1,561,520	-	-	36,074,820	30,516,763	-	-	30,516,763	5,566,057
Infrastructure										
Drains	541,268	394,513	-	-	935,781	80,834	42,999	-	81,833	419,125
Roads	53,669,256	263,873	-1,632	-	53,931,497	42,888,550	999,330	-498	43,897,384	338,321
Sewerage Mains & Purification	33,864,697	1,785,598	-	-	35,650,295	16,934,068	976,502	-	17,911,170	13,899,357
Electricity Mains	65,385,333	5,529,242	-17,947	-	70,896,628	32,500,383	1,596,576	-17,945	34,075,014	6,873,656
Electricity Peak Control Equipment	227,424	-	-61,847	-	165,577	17,738	8,301	-853	25,176	-
Water Mains & Purification	46,894,901	5,289,654	-	-	52,184,555	19,972,857	1,651,751	-	21,625,618	9,087,459
Reservoirs Water	7,721,200	3,230,698	-	-	10,951,898	5,425,876	235,397	-	5,687,273	5,400,000
Water Meters	3,014,361	628,599	-	-	3,642,960	440,688	216,140	-	658,828	2,984,132
Pedestrian Facilities	7,322,897	2,765,023	-	-	10,087,920	420,243	419,374	-	839,617	610,374
Security Measures	1,165,008	1,059,564	-	-	2,224,572	799,864	431,655	-	926,513	3,857,958
	219,805,345	20,951,564	-81,426	-	240,675,483	119,492,711	6,680,925	-19,304	126,053,432	1,135,111
Community assets										
Parks & Gardens	1,096,024	900	-	-	1,096,924	-	-	-	1,096,924	-
Libraries	4,900,000	19,083	-	-	4,919,083	-	-	-	4,919,083	160,000
Recreation Grounds	20,969,496	853,846	-	-	21,823,342	15,146,766	43,559	-	15,190,327	862,212
Civic Buildings	31,185,432	-	-	-	31,185,432	-	-	-	31,185,432	1,933,835
Clinics	3,217,400	-	-	-	3,217,400	-	-	-	3,217,400	-
Cemeteries	7,014,700	10,656	-5,210,000	-	1,815,356	-	-	-	1,815,356	10,556
Other	2,771,956	85,820	-	-	2,857,776	1,162,998	2,025	-	1,165,023	87,468
Old Age Homes	-	-	5,210,000	-	5,210,000	-	-	-	5,210,000	-
	71,155,008	970,305	-	-	72,125,313	16,309,766	45,584	-	16,355,350	3,054,171
Heritage Assets										
Historical Buildings	1,969,662	-	-	-	1,969,662	-	-	-	1,969,662	-
Paintings & Art Galleries	294,289	-	-	-	294,289	4,630	-	-	4,630	-
	2,263,951	-	-	-	2,263,951	4,630	-	-	4,630	-
Housing Rental Stock										
Housing Schemes	8,453,203	-10,343	-	-	8,442,860	7,034,296	50,346	-	7,084,642	11,174,023
	8,453,203	-10,343	-	-	8,442,860	7,034,296	50,346	-	7,084,642	11,174,023
Other Assets										
Landfill Sites	327,110	702,230	-	-	1,029,340	168,964	25,007	-	193,971	835,369
Office Equipment	2,463,933	81,007	-23,898	-	2,521,042	1,597,904	324,314	-25,918	1,896,300	766,834
Furniture & Fittings	3,086,227	418,741	21,777	-	3,526,745	1,952,880	249,955	21,752	2,224,557	91,803
Bins & Containers	223,706	26,500	-	-	250,206	8,140	46,288	-	1,302,178	395,303
Emergency Equipment	343,000	203,530	-3,241	-	543,289	324,749	27,037	-3,197	195,778	250,000
Motor Vehicles	21,297,326	2,033,803	-	-	23,331,129	13,339,524	2,531,803	-	348,589	194,880
Fire Engines	988,010	-	-	-	988,010	160,084	49,536	-	15,871,327	284,790
Other Transport	72,264	-	-	-	72,264	-	-	-	7,459,802	1,531,961
Computer Equipment	7,752,151	332,016	-3,932	-	8,080,235	72,261	1,094,769	-1,902	209,520	3
Plant & Equipment	15,820,262	3,415,876	73,035	-	19,309,173	9,511,676	1,365,993	-	72,161	1,735,419
	52,374,069	7,213,803	63,741	-	59,651,613	32,988,132	5,714,601	11,421	6,344,516	383,307
Inventory Items										
Small Assets	17,923	-	17,681	-17,736	17,868	17,900	-	17,168	17,900	-
	17,923	-	17,681	-17,736	17,868	17,900	-	17,168	17,900	-
GRAND TOTAL	388,551,081	30,686,849	-4	-17,736	419,220,990	205,764,198	12,390,556	-	218,137,584	63,597,076

//KHARA HAIS MUNICIPALITY

APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2008

	Cost / Revaluation				Accumulated Depreciation				Carrying Value	Budget Additions 2008
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Additions	Transfers	Disposals		
Executive & Council	247,738	-	-	-	247,738	88,918	-	-	114,217	-
Finance & Admin	208,409,348	5,370,045	2,286	-5,935	213,775,744	136,529,298	2,236	-5,440	72,516,660	5,274,217
Planning & Development	749,389	122,715	-	-149	871,955	478,171	-	-147	331,964	141,693
Health	456,383	-	-	-1,308	455,075	456,118	-	-1,270	227	-
Community & Social	1,254,076	46,037	-	-799	1,299,314	247,515	-	-795	985,112	179,505
Housing (i)	33,694	-	-	-	33,694	21,793	-2	-	8,749	11,174,023
Public Safety	4,572,888	607,421	-914,592	-1,191	4,264,526	2,344,451	-152,751	-1,189	1,806,085	781,743
Sport & Recreation	5,457,300	1,858,974	-1,577	-1,833	7,312,864	1,283,331	-1,577	-1,826	5,688,310	1,967,682
Environmental Services	186,069	3,346	-	-233	189,182	140,772	-	-231	33,937	4,596
Waste Management	20,300,811	2,511,023	935,655	-1,602	23,745,887	1,551,614	216,318	-1,597	20,750,360	21,946,632
Roads	17,052,438	5,397,932	-19,490	-1,412	22,429,468	2,461,008	-61,996	-1,408	18,469,253	-
Water	35,698,044	9,150,157	-	-	44,848,201	3,898,705	-1	-	38,816,816	15,103,536
Electricity	93,055,714	5,582,053	-1,624	-1,555	98,634,588	55,374,008	-1,571	-	41,383,309	6,972,449
Other	1,077,990	37,146	-662	-1,719	1,112,755	888,494	-656	-1,713	176,955	51,000
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	388,551,882	30,686,849	-4	-17,736	419,220,991	205,764,196	-	-15,616	201,081,955	63,597,076

Construction of houses on behalf of the Department of Housing was included in the capital budget and asset register. Refer to statement of changes in net assets for corrections.

IKHARA HAIS MUNICIPALITY

APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
24,296,589	8,027,380	16,269,209	Executive & Council	24,871,585	9,040,205	15,831,380
27,468,930	40,239,819	-12,770,889	Finance & Admin	33,416,342	36,462,786	-3,046,444
960,513	6,978,352	-6,017,839	Planning & Development	511,267	7,041,115	-6,529,848
2,343,319	1,044,502	1,298,817	Health	916,250	1,239,757	-323,507
233,601	2,792,965	-2,559,364	Community & Social	257,972	2,748,773	-2,490,801
4,539,292	5,025,982	-486,690	Housing	12,646,148	22,822,043	-10,175,895
15,325,836	21,329,021	-6,003,185	Public Safety	6,748,990	12,603,516	-5,854,526
4,541,680	14,776,596	-10,234,916	Sport & Recreation	4,834,811	17,264,431	-12,429,620
4,651,986	1,655,179	2,996,807	Environmental Services	4,700,421	2,353,903	2,346,518
24,005,105	25,440,660	-1,435,555	Waste Management	35,912,515	33,027,321	2,885,194
0	0	0	Road Transport	0	60,080	-60,080
27,256,183	13,555,272	13,700,911	Water	27,134,953	16,060,498	11,074,455
67,802,292	47,447,892	20,354,400	Electricity	70,901,732	54,034,832	16,866,900
129,725	2,006,108	-1,876,383	Other	116,482	2,382,476	-2,265,994
203,555,051	190,319,728	13,235,323	SUB-TOTAL	222,969,468	217,141,736	5,827,732
			Less Inter-Departmental Charges	2,240,295	2,240,295	0
200,369,974	187,134,651	13,235,323	TOTAL	220,729,173	214,901,441	5,827,732

//KHARA HAIS MUNICIPALITY

APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Description	2007/2008 Actual R	2007/2008 Budget R	2007/2008 Variance R	2008 Variance %	Explanation of Significant Variances
REVENUE					
Property Rates	29,226,988	29,267,950	40,962	0.1%	
Service Charges	122,010,690	122,758,201	747,511	0.6%	
Rental : Property & Equipment	5,251,263	5,226,733	-24,530	-0.5%	
Interest Earned - External Investment	190,891	277,020	86,129	31.1%	
Interest Earned - Outstanding Debtors	1,123,409	1,073,040	-50,369	-4.7%	Less interest was earned due to less investments.
Fines	2,580,775	2,685,770	104,995	3.9%	
Licenses & Permits	1,334,138	1,199,410	-134,728	-11.2%	
Agency Services	2,282,114	1,286,990	-995,124	-77.3%	Temporary permits, learners and drivers licences realised more than budgeted for.
Government Grants & Subsidies	55,634,116	25,974,859	-29,659,257	-114.2%	Agency commission on motor vehicle registrations realised more than budgeted for.
Other Income	3,342,757	1,326,387	-2,016,370	-152.0%	Housing subsidies erroneously budgeted under capital budget.
Gains on Disposal of PPE	197,379	82,060	-115,319	-140.5%	Site sales (0001/6804); Unclaimed monies (0007/6012) and Insurance (0062/6106).
Total Revenue	223,174,520	191,158,420	-32,016,100	-16.7%	Profits on assets disposed off.
Less: Income Forgone	-205,052	-210,610	-67	0.0%	
	222,969,468	190,947,810	-32,016,167	-16.8%	
EXPENDITURE					
Employee Related Costs	79,980,246	81,362,950	1,382,704	1.7%	
Remuneration Councillors	4,178,611	4,200,000	21,389	0.5%	
Bad Debts Written-Off	5,907,555	2,000,000	-3,907,555	-195.4%	Provision was made for all outstanding debt older than 120 days.
Collection Costs	180,356	175,900	-4,456	-2.5%	
Depreciation	12,390,556	11,740,340	-650,216	-5.5%	
Repairs & Maintenance	3,546,952	3,957,890	410,938	10.4%	Less spent on maintenance of assets.
Interest on External Borrowings	3,048,787	4,290,000	1,241,213	28.9%	Budgeted for external loans that was not taken up.
Bulk Purchases	38,485,181	35,735,399	-2,749,782	-7.7%	Thirteen payments was made to Eskom during the financial year.
Contracted Services	8,063,645	9,687,150	1,623,505	16.8%	FMG (1002/0286); MSG (1013/0286) and Housing Accreditation (1010/0286) not spent.
Grants & Subsidies Paid	9,819,835	9,815,530	-4,305	0.0%	
General Expenses - Other	51,540,012	27,887,070	-23,652,942	-84.8%	Housing subsidies erroneously budgeted under capital budget.
Loss on Disposal of PPP	-	-	-	0.0%	
Internal Transfers / Departmental Charges	-	-	-	0.0%	
Total Expenditure	217,141,736	190,852,229	-26,289,507	-13.8%	
NET SURPLUS/(DEFICIT)	5,827,732	95,581	-5,732,151	-5997.2%	

//KHARA HAI MUNICIPALITY

APPENDIX E(2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT & EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	2007/2008 Actual R	2007/2008 Budget R	2007/2008 Variance R	2007/2008 Variance %	Explanation of Significant Variances
Land and Buildings					
Land and Buildings	223,320	441,703	-218,383	-49.4%	
Municipal Buildings	1,338,200	0	1,338,200	#DIV/0!	See Civic Buildings.
	1,561,520	441,703	-218,383	-49.4%	
Infrastructure					
Drains	394,513	419,125	-24,612	0.0%	
Roads	263,873	338,321	-74,448	-22.0%	
Sewerage Mains & Purification	1,785,598	13,899,357	-12,113,759	-87.2%	Capital expenditure for phasing out of bucket system is dealt with as projects in the operating budget.
Electricity Mains	5,252,242	6,873,656	-1,644,414	-19.6%	Some capital projects slow to start.
Electricity Peak Control Equipment	0	0	0	0.0%	
Water Mains & Purification	5,209,654	9,087,459	-3,797,805	-41.8%	Some capital projects slow to start.
Reservoirs Water	3,230,698	5,400,000	-2,169,302	-40.2%	Some capital projects slow to start.
Water Meters	628,599	610,374	18,225	3.0%	
Pedestrian Facilities	2,769,823	3,857,958	-1,088,135	-28.2%	Some capital projects slow to start.
Airports	0	0	0	0.0%	
Security Measures	1,059,564	1,135,111	-75,547	-6.7%	
	20,351,564	41,621,351	-20,669,787	-49.7%	
Community Assets					
Parks & Gardens	900	0	900	#DIV/0!	
Libraries	19,083	160,000	-140,917	-88.1%	Revamp of main library did not materialise.
Recreation Grounds	853,846	862,212	-8,366	-1.0%	
Civic Buildings	0	1,933,935	-1,933,935	-100.0%	See Municipal Buildings.
Clinics	0	0	0	0.0%	
Cemeteries	10,656	10,656	0	0.0%	
Other	85,820	87,468	-1,648	-1.9%	
Old Age Homes	0	0	0	0.0%	
	970,305	3,054,171	-2,083,866	-68.2%	
Heritage Assets					
Historical Buildings	0	0	0	0.0%	
Paintings & Art Galleries	0	0	0	0.0%	
	0	0	0	0.0%	
Housing Rental Stock					
Housing Schemes	-10,343	11,174,023	-11,184,366	-100.1%	Capital expenditure for housing schemes is dealt with as projects in the operating budget.
	-10,343	11,174,023	-11,184,366	-100.1%	
Other Assets					
Landfill Sites	702,230	766,834	-64,604	0.0%	
Office Equipment	81,007	91,803	-10,796	-11.8%	
Furniture & Fittings	418,741	399,303	19,438	4.9%	
Bins & Containers	26,500	250,000	-223,500	-89.4%	Skip containers were not purchased.
Emergency Equipment	203,630	284,790	-81,160	-28.5%	Some emergency equipment were not purchased.
Motor Vehicles	2,033,803	1,531,951	501,842	32.8%	More vehicles were purchased than budgeted for.
Fire Engines	0	0	0	0.0%	
Other Transport	0	0	0	0.0%	
Computer Equipment	332,016	385,387	-53,371	-13.4%	
Plant & Equipment	3,415,876	3,597,820	-181,944	-5.1%	
	7,213,803	7,305,618	-92,015	-1.3%	
Inventory Items					
Small assets	0	0	0	0.0%	
	0	0	0	0.0%	
	0	0	0	0.0%	
GRAND TOTALS	30,686,849	63,597,076	-32,910,227	-51.7%	



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